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IN THE  
Supreme Court of The United States

OCTOBER TERM, A. D. 1943.

Nos. 58, 59.

THE MERCOLD CORPORATION,

*Petitioner,*

vs.

MINNEAPOLIS HONEYWELL REGULATOR  
COMPANY,

*Respondent.*

BRIEF FOR PETITIONER.

GEORGE L. WILKINSON,

*Counsel for Petitioner.*

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MINNEAPOLIS-HONEYWELL REGULATOR  
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*Respondent.*

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BRIEF FOR PETITIONER.

**OPINION OF THE COURT BELOW.**

The memorandum opinion of the District Court for the Northern District of Illinois, Eastern Division, was filed February 27, 1942 (R. 1059), and the Findings of Fact and conclusions of law (R. 1065) were filed and a decree (R. 1070) entered on March 24, 1942.

The opinion of the Circuit Court of Appeals for the Seventh Circuit was filed December 23, 1942 (R. 1225), and judgment pursuant thereto was entered on the same date (R. 1232). The opinion is reported in 133 F. (2d) 811.

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NOTE: Emphasis, unless otherwise stated, is ours. The petitioner will be designated Mercoid and the respondent Minneapolis-Honeywell.



## STATEMENT OF GROUNDS OF JURISDICTION.

This is a suit arising under the patent laws, 28 U. S. C. Sec. 41(7); under the Declaratory Judgment Act, 28 U. S. C. Sec. 400, and under the Anti-Trust laws.

The jurisdiction of this Court is invoked under 28 U. S. C. Sec. 347.

## CONCISE STATEMENT OF THE CASE.

Petitioner, Mercoid, on June 29, 1940 filed a complaint (R. 2) in the District Court for the Northern District of Illinois, Eastern Division, for a declaratory judgment that the Freeman patent No. 1,813,732, issued July 7, 1931 for Furnace Control (R. 1100), owned by respondent, Minneapolis-Honeywell, is invalid; that petitioner's fan and limit controls do not infringe, nor contribute to the infringement of, said patent, and that respondent is not entitled to extend its patent monopoly to include petitioner's fan and limit controls not covered *per se* by said Freeman patent (R. 2).

Respondent, before answering petitioner's complaint, filed a bill of complaint (R. 38) on July 1, 1940 charging petitioner with infringement, and contributing to the infringement, of said Freeman patent. Respondent filed its answer to petitioner's complaint on July 19, 1940 (R. 8). Petitioner on September 20, 1940 filed its answer (R. 48) to respondent's complaint, averring that the claims of the Freeman patent are invalid; that respondent is utilizing the Freeman patent to establish a monopoly in the sale of combination furnace controls *per se* not coming within the boundaries of the Freeman patent, and a counterclaim for declaratory judgment. Respondent filed its reply to petitioner's counterclaim on October 14, 1940 (R. 62).

On January 7, 1941 petitioner filed a supplemental complaint (R. 24) for declaratory judgment, asserting that

respondent has granted licenses to five competing control manufacturers to make, use and sell combination furnace controls not covered by the Freeman patent; that respondent has deliberately conspired with its licensees, and said licensees have willfully and unlawfully conspired with respondent, and among themselves, to substantially lessen competition and establish a monopoly in the sale of unpatented furnace controls in restraint of trade, and that respondent has established minimum prices for the sale of individual controls, not covered by the patent, in violation of the Anti-Trust laws. Respondent answered petitioner's supplemental complaint on January 28, 1941 (R. 31), and thereafter the two suits were consolidated (R. 67) and tried together.

The District Court rendered an opinion on February 27, 1942 (R. 1059), entered Findings of Fact and Conclusions of Law on March 24, 1942 (R. 1065), and a final decree (R. 1070) on the same day, adjudging that the said Freeman patent is valid; that petitioner has contributed to the infringement of said patent; that respondent has been so using its said patent as to tend to create a monopoly in an unpatented device; that each of the complaints be dismissed for want of equity, and that each of the parties pay one-half of the taxable costs.

An appeal and cross-appeal were duly taken by respondent (R. 1071) and petitioner (R. 1075) to the United States Circuit Court of Appeals for the Seventh Circuit, and on December 23, 1942 the said Court filed its opinion (R. 1225) and its judgment pursuant thereto (R. 1232), affirming the decree of the District Court "except as to its decree that Honeywell has been so using its Freeman patent as to tend to create a monopoly in an unpatented device, and in dismissing Honeywell's complaint and in assessment of costs, and in these respects the decree is reversed."

A petition for rehearing (R. 1236) was duly filed, and on March 27, 1943 denied (R. 1237).

Petitioner filed in this Court a petition for a writ of certiorari, which was granted on June 7, 1943 (R. 1242).

### **ERRORS RELIED UPON.**

The Circuit Court of Appeals for the Seventh Circuit erred:

(1) In holding that the respondent, Minneapolis-Honeywell, in endeavoring to monopolize under its patent an unpatented device, has not so used its patent as to be denied relief.

(2) In holding that the acts of respondent in requiring as a condition to a license under the Freeman patent the purchase from it of an unpatented control, and in fixing the minimum prices at which licensees must sell such unpatented control, do not violate the Anti-Trust laws.

(3) In holding that respondent may restrain as a contributory infringer petitioner, who makes and sells an unpatented control for use by purchasers in installing and using the patented system of furnace controls.

(4) In holding that the Freeman patent discloses invention and is valid, and in not holding that the system of furnace controls disclosed and claimed in the Freeman patent merely comprises an obvious and unpatentable assembly of non-cooperating parts, and that the patent is invalid.

### **SUMMARY OF ARGUMENT.**

(1) Respondent derives its entire revenue from its Freeman patent through the sale, and licensing others to sell, unpatented thermostatic switches entitled "Combination Furnace Controls," and not from the installation or use of the patented system of furnace controls. It requires as a condition to a license under the patent in suit that the

unpatented controls for use in installing and using the patented system, be purchased from it. It asserts through this suit and notices to the trade that the making and selling of an unpatented control for use in practicing the patented system, should be enjoined as violations of its patent monopoly. Respondent through its operations is endeavoring to so extend its monopoly as to suppress competition in the manufacture and sale of a control not patented *per se*, and therefore is not entitled to relief.

*Carbice Corp. v. American Patents Corp.*, 283 U. S. 27;

*Leitch Mfg. Co. v. Barber Co.*, 302 U. S. 458;

*B. B. Chemical Co. v. Ellis*, 314 U. S. 495;

*Morton Salt Co. v. G. S. Suppiger Co.*, 314 U. S. 488;

*J. C. Ferguson v. American Lecithin Co.*, 94 F. (2d) 729; C. C. A. 1;

*The Philad. Co. v. Lechler Laboratories*, 107 F. (2d) 747; C. C. A. 2;

*Barber Asphalt Co. v. LaFera Grecco*, 116 F. (2d) 211; C. C. A. 3;

*Sylvania Ind. Corp. v. Visking*, 132 F. (2d) 947; C. C. A. 4;

*Novadel-Agene v. Penn.*, 119 F. (2d) 764; C. C. A. 5;

*Barber Colman Co. v. National Tool Co.*, 58 U. S. P. Q. 2; C. C. A. 6;

*American Lecithin Co. v. Warfield Co.*, 105 F. (2d) 207; C. C. A. 7.

(2) The acts of respondent requiring the purchase from it of an unpatented part tends to substantially lessen competition and create a limited monopoly, and its practice in fixing the minimum sales prices of an unpatented control constitutes violation of the Anti-Trust laws.

*United Shoe Machinery Co. v. U. S.*, 258 U. S. 451, 460;

*Carbice Corp. v. American Patents Corp.*, 283 U. S. 27, 31;

*Ethyl Gasoline Corp. v. U. S.*, 309 U. S. 436, 456;

*Morton Salt Co. v. G. S. Suppiger Co.*, 314 U. S. 488;

*Solo Electric Co. v. Jefferson Electric Co.*, 317 U. S. 173;

*R. C. A. v. Lord*, 28 F. (2d) 257; C. C. A. 3.

(3) The petitioner neither installs nor uses the system covered by the Freeman patent. The sole acts of petitioner held to constitute contributory infringement of the Freeman patent are the manufacture and sale of *per se* unpatented thermostatic switches termed "Combination Furnace Controls," for use by purchasers in installing and using the system of furnace control of the Freeman patent, and therefore it is not liable as a contributory infringer of the Freeman patent.

*Carbice Corp. v. American Patents Corp.*, 283 U. S. 27;

*Leitch Mfg. Co. v. Barber Co.*, 302 U. S. 458;

*Morton Salt Co. v. G. S. Suppiger Co.*, 314 U. S. 488;

*B. B. Chemical Co. v. Ellis*, 314 U. S. 495;

*The Philad Co. v. Lechler Laboratories*, 107 F. (2d) 747; C. C. A. 2;

*J. C. Ferguson Co. v. American Lecithin Co.*, 94 F. (2d) 729; C. C. A. 1.

(4) The alleged novelty of the Freeman patent in suit merely resides in providing a hot air furnace with two circuits, each separately controlled, one containing a thermostatic switch for governing the operation of a fan for

blowing heated air from the furnace into the spaces to be heated, and the other circuit comprising a thermostatic switch for limiting the supply of fuel, or the rate of combustion, when a predetermined degree of temperature is reached. The Freeman patent therefore does not cover a patentable combination of cooperating elements, but a mere unpatentable aggregation of old elements which in their new relation perform no other or additional functions than those which they previously performed.

*Attoona Public Theatres v. American Tri-Ergon Corp.*, 294 U. S. 477;

*Mantle Lamp Co. v. Aluminum Products Co.*, 301 U. S. 544;

*Cuno Engineering Corp. v. Automatic Devices Corp.*, 314 U. S. 84;

*Toledo Pressed Steel Co. v. Standard Parts, Inc.*, 307 U. S. 350;

*Textile Machine Co. v. Louis Hirsch Textile Machines, Inc.*, 302 U. S. 490.

### **ARGUMENT.**

#### **Freeman Patent in Suit.**

The Freeman patent No. 1,813,732 (R. 1100), granted July 7, 1931 on an application filed January 16, 1931, relates to hot air furnaces, and the alleged invention resides in means for controlling the supply of heated air to the space to be heated and means for controlling the rate of combustion. The specification states as follows the object of the invention:

"The principal object of the invention is to provide a control for the rate of combustion and for the operation of an accelerating device, such as a fan, blower or similar apparatus, used for accelerating the rate of supply of the heat-conducting medium, such as air, to be heated by the furnace, said control being such



as to permit the operation of said accelerating device and to check combustion in case the furnace becomes overheated and such as to interrupt the operation of said accelerating device while increasing the rate of combustion if the furnace has not been heated above a predetermined temperature.

"In addition, a control feature is added by means of which both the combustion and the supply of the heat-conducting medium are checked when the temperature of the room or object to be heated is above a predetermined degree."

For convenient reference, the drawing of the Freeman patent is here reproduced, on which the fan circuit for controlling the supply of heated air is colored blue, and the circuit for controlling the fuel combustion is colored red.

The blue circuit includes the motor 22 of the fan 21 and a thermostatic switch 23 located in the bonnet of the furnace. The red circuit, in Figure 1, includes the motor 19 for opening and closing the dampers 15 and 16, and in Figure 2 the motor 35 for supplying fuel from the stoker hopper 34 to the furnace, and the thermostatic switch 24 located in the bonnet of the furnace. Of course both circuits include the usual room thermostat 18.

When the temperature in the room to be heated is below a predetermined degree, the room thermostat 18 closes the circuits through the separate thermostatic switches 23 and 24, one circuit for the fan motor 22, and the other circuit for the motor 19, Figure 1, or 35, Figure 2, for opening and closing the dampers or supplying fuel to the furnace. When the temperature in the bonnet is above a predetermined degree, the fan operates to supply air to the furnace and thence to the rooms to be heated, and continues to do so as long as the temperature in the bonnet is such as to maintain the thermostatic switch 23 closed irrespective of

FIG. 1

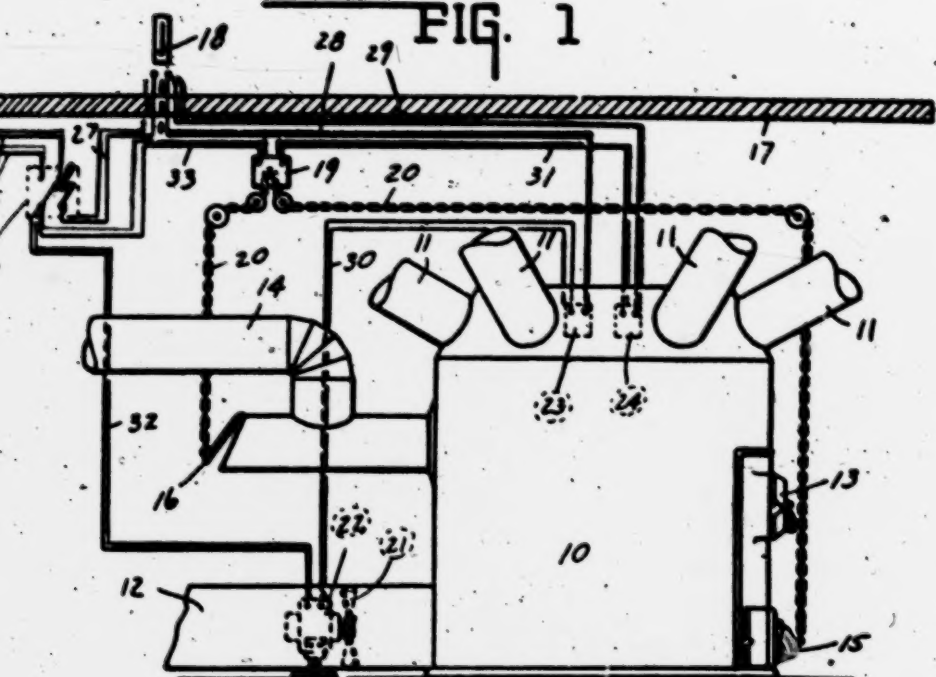
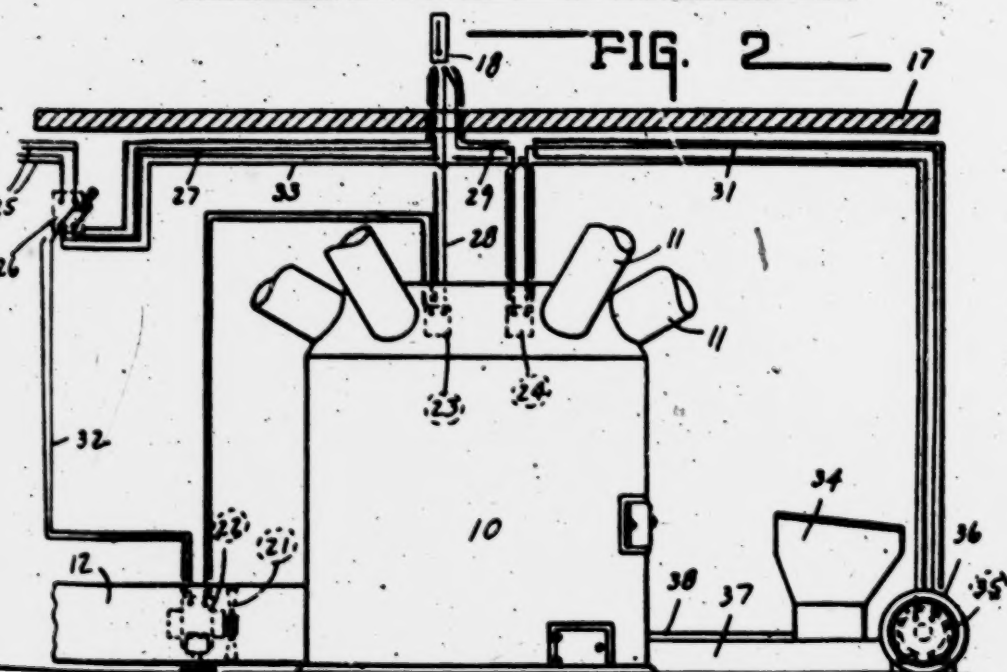


FIG. 2



INVENTOR.  
EDWARD E. FREEMAN.

BY  
Lakewood Lakewood Goldsmith & Co.  
ATTORNEYS.



whether the temperature is such as to open or close the circuit through the thermostatic switch 24. On the other hand, the red circuit is closed to the motor for controlling the rate of combustion when the temperature in the bonnet is below a predetermined degree, irrespective of whether the thermostatic switch 23 is in position to open or close the fan circuit.

There is no sequence of operation as the fan and limit switches operate independently of each other. The fan switch may be opened and the limit switch closed, or the fan switch may be closed and the limit switch opened, or both switches may be opened or closed at the same time according to the temperature in the bonnet of the furnace.

Claims 1, 4, 6 and 9 of the Freeman patent are at issue, each of which covers a furnace heating system comprising separate elements assembled to constitute apparatus for controlling the supply of air through the furnace and the rate of fuel combustion. Claim 1 is the broadest claim at issue, and reads as follows:

"In a furnace control, the combination of  
 apparatus for controlling  
     the rate of combustion and  
     the rate of supply of a heat-conducting medium,  
 thermostatic apparatus responsive to furnace temperature; and  
 connections between said control apparatus and said  
 thermostatic apparatus by means of which said control  
 apparatus operates to check combustion while  
 supplying said medium when furnace temperature  
 exceeds a predetermined degree."

The trial court correctly stated in Finding of Fact No. 27 (R. 1069):

"The Freeman patent is not a patent on either the fan switch or the limit switch or both of them. It is a patent on a system of furnace control, which requires three thermostats for its operation."

Respondents expert witness, VanDeventer, testified as follows regarding the claims of the Freeman patent:

"Mr. Moore: Q. You are familiar with all the claims, are you not, of the Freeman patent?

"A: I am generally familiar with them.

"Q. Can you point out in any one claim where this instrument which is accused to infringe the patent, or contribute to the infringement of the patent, is specified?

"A. I do not think any of those claims specify any apparatus, Mr. Moore. They relate to a system, a furnace control system. I could carry out an infringement of those claims with any one of a large number of arrangements of those switches and instrumentalities." (R. 441.)

The thermostatic fan switch 23 and limit switch 24 are diagrammatically illustrated, and described as follows in the specification:

"A pair of thermostatic switches 23 and 24 are located within the hood of the furnace." (Page 1, lines 50 and 51.)

"The switch 23 is of a type which closes its circuit only when a predetermined temperature is exceeded." (Page 1, lines 88 to 90.)

"The switch 24 is of the type which opens its circuit when a predetermined temperature has been exceeded." (Page 2, lines 6 to 8.)

The Freeman patent does not illustrate, describe, or suggest any controlling apparatus of the fan and limit circuits other than the two mechanically and operatively separate switches 23 and 24.

Neither petitioner nor respondent installs in furnaces the Freeman system for controlling the supply of air and the rate of combustion. They are competitors in supplying a single unitary structure, or separate structures, com-

prising thermostatic switches for separately controlling the fan and limit circuits. The acts of petitioner held to constitute contributory infringement of the Freeman patent are merely the making and selling of an unpatented unitary structure comprising thermostatically operated switches for separately controlling the fan and limit circuits.

**Respondent is Monopolizing an Unpatented Thermostatic Control.**

Respondent, through its operations under the Freeman patent, is endeavoring to monopolize an unpatented thermostatic switch adapted for use in controlling the fan and limit circuits in the heating system disclosed in the Freeman patent. Respondent has granted licenses under the Freeman patent to its following competitors (R. 11, 32):

Perfex Corporation,  
Milwaukee, Wisconsin

Penn Electric Switch Co.,  
Goshen, Indiana

White-Rodgers Electric Company,  
St. Louis, Missouri

Cook Electric Company,  
Chicago, Illinois, and

Bendix Aviation Corporation,  
South Bend, Indiana.

The licenses to all of these manufacturers of thermostatic switches and the license offered to petitioner, are substantially the same. A copy of the license granted to the Cook Electric Company was offered in evidence as Mercoid's Exhibit KK (R. 907). A copy of respondent's printed form of license under the Freeman patent is in

evidence (R. 895), as is also a copy of the license under the Freeman patent tendered by respondent to petitioner (R. 865).

An examination of the terms of said licenses clearly shows a purpose and intent on the part of respondent to monopolize under its Freeman patent for a system of furnace control, an unpatented thermostatic switching device.

Each of the licenses (Paragraph II, R. 908) grants a non-exclusive right and license under the Freeman patent to make, use and sell a "combination furnace control," which is defined in Paragraph I as follows (R. 907):

"As used in this agreement, the expression 'Combination Furnace Control' shall mean a unitary structure including at least a switching means for controlling not less than two circuits and operated by temperature responsive means responsive to the temperature of a heating device or the fluid medium heated thereby, one of said circuits being established on temperature rise and another being established on temperature fall, the structure having permanent internal wiring connecting the switching means to terminals for the connection of external wires thereto, the internal wiring being so arranged that when the terminals are connected by external wires to a heat controlling mechanism or a combustion controlling mechanism for the heating device and to a means for controlling the circulation of the fluid medium heated thereby, such structure, when used as intended, embodies the system disclosed in and claimed by the Freeman Patent No. 1,813,732."

It will be noted that the "combination furnace control" is defined as "a unitary structure," and it is such unitary structure which the licensees are authorized to make and sell pursuant to their licenses under the Freeman patent for a furnace control system.

The following provisions in each license emphasize that it is limited to the sale of an unpatented device and not installation or use of the system of furnace control covered by the Freeman patent, and that the royalty exacted from the licensees is on the sale of the unpatented "combination furnace control" and not upon the installation or use of the unpatented system:

### III. Royalties

"Licensee covenants and agrees to pay to Licensor an earned royalty of twenty-five cents (25¢) on each 'Combination Furnace Control' sold by it." (R. 908.)

### "V. Patent Marking

"Licensor and Licensee mutually agree that upon each of said 'Combination Furnace Controls' sold they will place a nameplate, or a securely fastened tag or a cover insert, which nameplate, or tag or cover insert shall carry upon it, among other things, the following information in clearly legible and reasonably sized lettering or printing:

"'Notice—This control is internally wired in a manner to shut down the heat source while permitting blower operation on furnace temperature rise and to stop the blower but permit operation of the heat source on temperature fall. *This control and its use carries with it a license for one installation employing the sequence of operation embodying the invention of Freeman Patent No. 1,813,732.*'"

### "VI. Notice on Literature

"'The Freeman Patent No. 1,813,732 covers systems of control in which upon rise in the temperature of a furnace or like heating device, the source of heat is reduced or shut down but the blower or other circulating means is permitted to operate, and

in which upon fall in such temperature, the blower or other circulating device is stopped but the source of heat is permitted to heat the furnace or other heating device. *This control is specially designed for carrying out the system of the Freeman Patent and its use carries with it a license for one installation employing the sequence of operation of the Freeman Patent No. 1,813,732.*”

#### “VII. Price Condition

“(a) *The license granted herein to the Licensee is granted on the express condition that the prices, terms and conditions of sale of ‘Combination Furnace Controls’ made in accordance with the terms of this agreement, shall be not more favorable to the customer than those fixed from time to time by Licensor for its own products embodying the invention covered by said agreement, and Licensee agrees to maintain such not more favorable prices, terms and conditions of sale as to said ‘Combination Furnace Controls.’ The prices, terms and conditions of sale shall be set forth in a schedule to be known as a ‘Price Schedule’ and shall be issued from time to time by Licensor and form a part of this Agreement as though herein set out in full, and Licensee, after receiving a ‘Price Schedule’ agrees that it will sell ‘Combination Furnace Controls’ only at prices and on terms not more favorable to the customer than those set forth in said Price Schedule and in compliance with the general sales rules in said Price Schedule. A price schedule is hereto attached and marked ‘Price Schedule Exhibit A.’*” (R. 909, 910.)

The royalty is payable when the “combination furnace control” is sold, without any limitation as to whether or not it is made use of in installing the Freeman system. The following statement of the Court of Appeals (R. 1229) therefore is inconsistent with the express terms of the licenses granted by respondent:



“ \* \* \* the record does not disclose any attempt on the part of Honeywell to collect a royalty on such control unless it is used or attempted to be used in a system which would infringe the Freeman combination.”

The “Price Schedule Exhibit A,” attached to each license, appears at R. 881 and R. 913. It specifies different minimum prices at which the licensees must sell the “combination furnace control” to manufacturers, to jobbers and wholesalers, and to dealers. Identical price schedules are attached to each of the licenses granted under the Freeman Patent (R. 47). Respondent was not content to authorize its licensees to make and sell and pay royalties on the “combination furnace control,” which is not illustrated, described or suggested in the Freeman patent, but through a letter (R. 891) sent to each licensee (R. 887), respondent advised that if the licensee did not sell separate controls at a combined price less than 25% higher than the prices set forth in the price schedule of the “combination furnace control,” respondent would not assert its rights under the Freeman patent on account of such sales. The said letter reads as follows:

“In connection with our license agreement to you under the Freeman Patent No. 1,813,732, we agree that so long as you do not sell separate heating medium temperature responsive controls for carrying out the system of the Freeman patent at a combined price which is less than 25% higher than the prices set forth in the Price Schedule of the agreement for any specific ‘Combination Furnace Control’ comparable to carrying out in operation and function what the separate controls would do, we will not assert our rights against you or your customers under the Freeman Patent on account of such sales.” (R. 891.)

It seems quite obvious that while the use of separate structures or devices, diagrammatically disclosed in the Freeman patent, will be tolerated by respondent without royalty payments, provided the price which petitioner fixes is maintained, that the real use of the patent clearly is to establish a monopoly in the unitary structure defined as the "combination furnace control," which is not only not patented by, but is not even disclosed in, the Freeman patent.

The practice of respondent therefore is not merely to fix minimum prices on the "combination furnace control" on which the royalty of 25¢ is payable, but to fix the minimum prices at which the separate controls, such as indicated at 23 and 24 in the Freeman patent, can be sold by the licensees.

That the procedure of the respondent under its Freeman patent had primarily in view the maintenance of the same minimum selling prices by itself and its licensee-competitors, clearly appears from the following statement in its letter of June 21, 1940 (R. 923), to petitioner advising that an infringement suit would be filed against it, and " . . . that the necessity for our filing suit is the result of the necessity to be fair to our other licensees and to ourselves in this *present price situation*."

Petitioner in its letter of June 28, 1940 (R. 925) to respondent, in giving reasons why it was unwilling to enter into the submitted license agreement under the Freeman patent stated:

" . . . Also, under this license, Mercoid would agree to control the sale price of such Mercoid instruments, and this we have been advised is not in accordance with the law."

It is significant that although respondent had notified petitioner in 1932 (R. 791) of its alleged infringement of the Freeman patent, it was not until after January 1,



# Patent Notice

Minneapolis-Honeywell Controls, Time-O-Stat Controls and Con-Tac-Tor Mercury Switch and National Regulator Controls are manufactured and sold under the following patents either owned by Minneapolis-Honeywell Regulator Company or under which Minneapolis-Honeywell Regulator Company is licensed: Other U.S. and foreign patents are pending:

No. 16,087	No. 1,894,083	No. 1,791,589	No. 1,875,387	No. 1,924,925	No. 2,008,726	No. 2,098,806	No. 2,144,587	No. 2,177,602
No. 16,149	1,894,107	1,792,101	1,875,388	1,925,435	2,008,776	2,099,887	2,145,146	2,178,822
No. 16,444	1,900,318	1,792,230	1,875,408	1,925,781	2,011,266	2,100,284	2,145,199	2,179,244
No. 17,993	1,903,534	1,795,149	1,875,510	1,926,680	2,017,368	2,101,548	2,145,791	2,179,700
No. 18,361	1,903,537	1,796,286	1,875,511	1,927,036	2,019,671	2,101,808	2,146,127	2,180,503
No. 18,503	1,904,008	1,798,511	1,875,589	1,927,846	2,019,945	2,102,324	2,146,604	2,180,675
No. 18,771	1,904,370	1,798,544	1,875,688	1,928,605	2,020,168	2,104,972	2,146,680	2,180,746
No. 19,135	1,904,371	1,800,412	1,876,044	1,931,239	2,021,407	2,105,686	2,146,681	2,180,800
No. 19,235	1,905,527	1,805,277	1,876,135	1,931,663	2,021,413	2,106,998	2,147,274	2,181,061
No. 19,749	1,907,193	1,808,827	1,877,037	1,935,909	2,022,189	2,107,077	2,147,804	2,181,425
No. 19,828	1,907,194	1,810,172	1,877,278	1,937,746	2,023,740	2,108,770	2,148,668	2,181,425
No. 20,048	1,907,195	1,811,732	1,877,327	1,937,829	2,023,746	2,108,770	2,148,668	2,181,425
No. 20,186	1,907,459	1,816,691	1,877,605	1,937,908	2,025,097	2,109,062	2,180,117	2,184,813
No. 20,235	1,911,602	1,818,546	1,878,010	1,940,711	2,025,284	2,109,862	2,181,040	2,184,770
No. 20,236	1,911,773	1,818,667	1,878,154	1,941,502	2,025,542	2,109,939	2,181,050	2,184,770
No. 20,237	1,916,778	1,820,300	1,880,624	1,941,540	2,025,542	2,110,048	2,182,843	2,186,419
No. 20,238	1,916,981	1,826,570	1,880,639	1,941,546	2,029,465	2,112,216	2,184,041	2,186,544
No. 20,239	1,920,630	1,826,571	1,880,639	1,942,999	2,029,513	2,112,217	2,184,051	2,186,544
No. 20,240	1,920,631	1,826,572	1,880,641	1,943,999	2,029,615	2,114,704	2,184,511	2,186,544
No. 20,241	1,921,631	1,826,583	1,880,642	1,944,999	2,032,668	2,114,961	2,184,523	2,186,544
No. 20,242	1,922,735	1,827,071	1,880,671	1,946,953	2,036,958	2,114,965	2,184,544	2,186,544
No. 20,243	1,926,838	1,827,072	1,881,637	1,949,210	2,037,911	2,116,605	2,184,556	2,186,544
No. 20,244	1,926,839	1,827,340	1,881,684	1,951,262	2,038,067	2,116,605	2,184,556	2,186,544
No. 20,245	1,926,840	1,828,583	1,882,341	1,953,425	2,039,610	2,116,605	2,184,556	2,186,544
No. 20,246	1,926,841	1,831,848	1,883,019	1,956,959	2,045,780	2,119,503	2,185,513	2,186,544
No. 20,247	1,926,842	1,832,462	1,883,146	1,957,025	2,041,363	2,117,514	2,185,019	2,186,544
No. 20,248	1,926,843	1,835,307	1,883,240	1,958,081	2,041,465	2,117,766	2,185,264	2,186,544
No. 20,249	1,926,844	1,835,307	1,883,241	1,958,082	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,250	1,926,845	1,835,307	1,883,241	1,958,083	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,251	1,926,846	1,835,307	1,883,241	1,958,084	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,252	1,926,847	1,835,307	1,883,241	1,958,085	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,253	1,926,848	1,835,307	1,883,241	1,958,086	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,254	1,926,849	1,835,307	1,883,241	1,958,087	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,255	1,926,850	1,835,307	1,883,241	1,958,088	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,256	1,926,851	1,835,307	1,883,241	1,958,089	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,257	1,926,852	1,835,307	1,883,241	1,958,090	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,258	1,926,853	1,835,307	1,883,241	1,958,091	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,259	1,926,854	1,835,307	1,883,241	1,958,092	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,260	1,926,855	1,835,307	1,883,241	1,958,093	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,261	1,926,856	1,835,307	1,883,241	1,958,094	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,262	1,926,857	1,835,307	1,883,241	1,958,095	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,263	1,926,858	1,835,307	1,883,241	1,958,096	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,264	1,926,859	1,835,307	1,883,241	1,958,097	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,265	1,926,860	1,835,307	1,883,241	1,958,098	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,266	1,926,861	1,835,307	1,883,241	1,958,099	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,267	1,926,862	1,835,307	1,883,241	1,958,100	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,268	1,926,863	1,835,307	1,883,241	1,958,101	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,269	1,926,864	1,835,307	1,883,241	1,958,102	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,270	1,926,865	1,835,307	1,883,241	1,958,103	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,271	1,926,866	1,835,307	1,883,241	1,958,104	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,272	1,926,867	1,835,307	1,883,241	1,958,105	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,273	1,926,868	1,835,307	1,883,241	1,958,106	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,274	1,926,869	1,835,307	1,883,241	1,958,107	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,275	1,926,870	1,835,307	1,883,241	1,958,108	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,276	1,926,871	1,835,307	1,883,241	1,958,109	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,277	1,926,872	1,835,307	1,883,241	1,958,110	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,278	1,926,873	1,835,307	1,883,241	1,958,111	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,279	1,926,874	1,835,307	1,883,241	1,958,112	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,280	1,926,875	1,835,307	1,883,241	1,958,113	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,281	1,926,876	1,835,307	1,883,241	1,958,114	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,282	1,926,877	1,835,307	1,883,241	1,958,115	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,283	1,926,878	1,835,307	1,883,241	1,958,116	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,284	1,926,879	1,835,307	1,883,241	1,958,117	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,285	1,926,880	1,835,307	1,883,241	1,958,118	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,286	1,926,881	1,835,307	1,883,241	1,958,119	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,287	1,926,882	1,835,307	1,883,241	1,958,120	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,288	1,926,883	1,835,307	1,883,241	1,958,121	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,289	1,926,884	1,835,307	1,883,241	1,958,122	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,290	1,926,885	1,835,307	1,883,241	1,958,123	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,291	1,926,886	1,835,307	1,883,241	1,958,124	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,292	1,926,887	1,835,307	1,883,241	1,958,125	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,293	1,926,888	1,835,307	1,883,241	1,958,126	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,294	1,926,889	1,835,307	1,883,241	1,958,127	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,295	1,926,890	1,835,307	1,883,241	1,958,128	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,296	1,926,891	1,835,307	1,883,241	1,958,129	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,297	1,926,892	1,835,307	1,883,241	1,958,130	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,298	1,926,893	1,835,307	1,883,241	1,958,131	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,299	1,926,894	1,835,307	1,883,241	1,958,132	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,300	1,926,895	1,835,307	1,883,241	1,958,133	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,301	1,926,896	1,835,307	1,883,241	1,958,134	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,302	1,926,897	1,835,307	1,883,241	1,958,135	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,303	1,926,898	1,835,307	1,883,241	1,958,136	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,304	1,926,899	1,835,307	1,883,241	1,958,137	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,305	1,926,900	1,835,307	1,883,241	1,958,138	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,306	1,926,901	1,835,307	1,883,241	1,958,139	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,307	1,926,902	1,835,307	1,883,241	1,958,140	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,308	1,926,903	1,835,307	1,883,241	1,958,141	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,309	1,926,904	1,835,307	1,883,241	1,958,142	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,310	1,926,905	1,835,307	1,883,241	1,958,143	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,311	1,926,906	1,835,307	1,883,241	1,958,144	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,312	1,926,907	1,835,307	1,883,241	1,958,145	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,313	1,926,908	1,835,307	1,883,241	1,958,146	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,314	1,926,909	1,835,307	1,883,241	1,958,147	2,041,821	2,118,886	2,185,503	2,186,544
No. 20,315								

1940, when Mercoid reduced its prices below those of respondent and its licensees for its combined furnace control for use in the Freeman system, that respondent instituted an infringement suit against petitioner on July 1st, 1940.

Respondent in its 1940 catalogue (Mercoid Exhibit T, R. 795) listed some six hundred patents either owned or controlled by it or under which it was licensed, followed by the statement that:

**"The right to use the Systems protected by the following patents is only granted to the user by Minneapolis-Honeywell Regulator Company when the particular controls as shown below are purchased from Minneapolis-Honeywell Regulator Company and used in the Systems."**

The foregoing statement was followed by a list of five system patents, including the Freeman patent in suit.

For convenient reference, page 40 (R. 795) of respondent's 1940 catalogue is here reproduced.

Patent No. 1,813,732 is the Freeman patent here in suit, and patent No. 1,758,146 is the Cross patent involved in *The Mercoid Corporation v. Mid-Continent Investment Co. and Minneapolis-Honeywell Regulator Co.*, Nos. 54 and 55, now pending before this Court on certiorari.

Respondent is using its patents for "Systems," comprising arrangements of old and unpatentable devices, to monopolize the unpatented devices used in the "Systems," and thereby limit competitors in their manufacture and sale of devices which they have commercialized from dates long prior to the dates of the "Systems." If the method of exploiting its "System" patents practiced by respondent is upheld as legal, all manufacturers of unpatented parts, such as thermostatic controls, which may be com-

prised in the patented "Systems," will have to further restrict their manufacture and sale of such controls each time an additional "System" patent is granted, and the public will have to discontinue obtaining controls from their usual sources and obtain them only from the sources designated by the owners of such additional "System" patents.

The foregoing acts of the respondent evinces a consistent effort to monopolize under the Freeman patent for a domestic heating system, an unpatented thermostatic control, and to derive its sole revenue under the patent, not through the alleged invention which it covers, but through an unpatented part capable of being used with other parts in installing the patented system, and a determined attempt to prevent competition in the manufacture and sale of an unpatented thermostatic control.

### **Improper Use of Freeman Patent Precludes Maintenance of Suit by Respondent.**

Neither respondent nor petitioner, nor any of respondent's licensees, install the system of furnace control disclosed in the Freeman patent. They sell thermostatic controls, or as the licenses term them, "combination furnace controls," capable of being used in installing the Freeman system.

The terms of the licenses granted and tendered by respondent; the notice in its 1940 catalogue that thermostatic controls for use in the Freeman heating system must be purchased from respondent, and the institution of this suit to prevent petitioner from competing in the manufacture and sale of an unpatented thermostatic control adapted for use in lieu of separate controls such as indicated at 23 and 24 of the Freeman patent, all clearly prove that respondent has used, and is using, the Freeman pat-

ent for a system of furnace control to monopolize an unpatented thermostatic control.

That the owner of a patent may not maintain a suit for infringement when its operations under the patent are such as to so expand the monopoly as to control unpatented articles, has been repeatedly held by this Court and Circuit Courts of Appeals.

This Court in *Carbice v. American Patents Corp.*, 283 U. S. 27, had before it a suit for contributory infringement of a patent covering a transportation package comprising a carton within which is placed ice cream or other food stuff to be shipped, and a quantity of solid carbon dioxide. This Court said:

*"The sole business of the Dry Ice Corporation is the manufacture of solid carbon dioxide which it sells under the name of 'DryIce.' It does not make or sell transportation packages in which solid carbon dioxide is used as a refrigerant. It does not issue to other concerns licenses to make such packages upon payment of a stipulated royalty. It does not formally license buyers of its dry ice to use the invention in suit."* (pp. 29, 30.)

Each invoice for solid carbon dioxide bore a notice from which it was assumed that the Dry Ice Corporation extended to each of its customers who bought solid carbon dioxide, a license to use the patented invention without the payment of royalty (283 U. S. 30).

The defendant, Carbice Corporation, also manufactured solid carbon dioxide, and was charged with contributory infringement because it sold its product to customers of the Dry Ice Corporation with knowledge that the dioxide was to be used by the purchaser in transportation packages like those described in the patent.

This Court said regarding the plaintiff:

"But it may not exact as the condition of a license that *unpatented materials used in connection with the invention shall be purchased only from the licensor; and if it does so, relief against one who supplies such unpatented materials will be denied.*" (p. 31.)

"The Dry Ice Corporation has no right to be free from competition in the sale of solid carbon dioxide. Control over the supply of such unpatented material is beyond the scope of the patentee's monopoly; and this limitation, inherent in the patent grant, is not dependant upon the peculiar function or character of the unpatented material or on the way in which it is used. Relief is denied because the Dry Ice Corporation is attempting, without sanction of law, to employ the patent to secure a limited monopoly of unpatented material used in applying the invention. The present attempt is analogous to the use of a patent as an instrument for restraining commerce which was condemned, under the Sherman Anti-Trust Law, in *Standard Sanitary Mfg. Co. v. United States*, 226 U. S. 20." (pp. 33 and 34.)

It is interesting to note that the unpatented refrigerant, the sale of which by the defendant was charged to constitute a contributory infringement of the patent, was:

"one of the necessary elements of the patented product." (p. 33.)

It is also interesting to note that the defendant in selling the dioxide did so knowing that it was:

"to be used by the purchaser in transportation packages like those described in the patent." (p. 30.)

This Court in *Leitch Mfg. Co. v. Barber Co.*, 302 U. S. 458, followed its decision in the *Carbice* case, and held that the plaintiff was not entitled to relief because of its improper use of its patent. This Court said:

"The Barber Company brought, in the federal court for New Jersey, against the Leitch Manufacturing

Company, this suit to enjoin the alleged contributory infringement of patent No. 1,684,671, dated September 18, 1928, by selling and delivering bituminous emulsion to a road builder, *knowing that it was to be used in Newark in accordance with the method defined in the claims of the patent.*" (pp. 459, 460.)

This Court said regarding the plaintiff:

"The company does not itself engage in road building, or compete with road contractors. It does not seek to make road builders pay a royalty for employing the patented method. It does not grant to road builders a written license to use the process. But it adopts a method of doing the business which is the practical equivalent of granting a written license with a condition that the patented method may be practiced only with emulsion purchased from it. For any road builder can buy emulsion from it for that purpose, and whenever such a sale is made, the law implies authority to practice the invention. On the other hand The Barber Company sues as contributory infringer a competing manufacturer of this unpatented material who sells it to a road builder for such use. Thus, the sole purpose to which the patent is put is thereby to suppress competition in the production and sale of staple unpatented material for this use in road building."

"That the patent did not confer upon The Barber Company the right to be free from competition in supplying unpatented material to be used in practicing the invention was settled by the rule declared in the *Carbice* case." (pp. 460, 461.)

This Court, after quoting from its decision in the *Carbice* case, said:

"It denied relief, not because there was a contract or notice held to be inoperative, but on the broad ground that the owner of the patent monopoly, ignor-



ing the limitation 'inherent in the patent grant,' sought by its method of doing business to extend the monopoly to unpatented material used in practicing the invention. **By the rule there declared every use of a patent as a means of obtaining a limited monopoly of unpatented material is prohibited. It applies whether the patent be for a machine, a product, or a process. It applies whatever the nature of the device by which the owner of the patent seeks to effect such unauthorized extension of the monopoly. Nothing in *Leeds & Catlin Co. v. Victor Talking Machine Co.*, 213 U. S. 325, limits it."** (p. 463.)

In *Morton Salt Co. v. Suppiger Co.*, 314 U. S. 488, this Court also held that the plaintiff was not entitled to relief because it was using its patent on a machine for depositing salt tablets, to monopolize the unpatented salt tablets. This Court said:

"The principal business of respondent's subsidiary, from which its profits are derived, is the sale of salt tablets. In connection with this business, and as an adjunct to it, respondent leases its patented machines to commercial canners, some two hundred in all, under licenses to use the machines upon condition and with the agreement of the licensees that only the subsidiary's salt tablets be used with the leased machine.

"It thus appears that respondent is making use of its patent monopoly to restrain competition in the marketing of unpatented articles, salt tablets, for use with the patented machines, and is aiding in the creation of a limited monopoly in the tablets not within that granted by the patent. A patent operates to create and grant to the patentee an exclusive right to make, use and vend the particular device described and claimed in the patent. But a patent affords no immunity for a monopoly not within the grant, *Interstate Circuit v. United States*, 306 U. S. 208, 228, 230; *Ethyl Gasoline Corp. v. United States*, 309 U. S. 436, 456, and the use of it to suppress competition in the

sale of an unpatented article may deprive the patentee of the aid of a court of equity to restrain an alleged infringement by one who is a competitor." (p. 491.)

"It is unnecessary to decide whether respondent has violated the Clayton Act, for we conclude that in any event the maintenance of the present suit to restrain petitioner's manufacture or sale of the alleged infringing machines is contrary to public policy and that the district court rightly dismissed the complaint for want of equity." (p. 494.)

On the same day that it decided the *Morton Salt* case, this Court delivered its opinion in *B. B. Chemical Co. v. Ellis*, 314 U. S. 495, and said:

"This is a companion case to *Morton Salt Co. v. Suppiger*, ante, p. 488, and involves the question whether the owner of a method patent who authorizes manufacturers to use it only with materials furnished by him may enjoin infringement by one who supplies the manufacturer with materials for use by the patented method and aids in such use." (pp. 495 and 496.)

"The courts below held that petitioner's sale to manufacturers of the unpatented materials for use by the patented method operated as a license to use the patent with that material alone and thus restrained competition with petitioner in the sale of the unpatented material, as in *Carbice Corp. v. American Patents Corp.*, 283 U. S. 27, and *Leitch Mfg. Co. v. Barber Co.*, 302 U. S. 458.

"Petitioner insists that the respondents' acts of infringement, as found by the district court, were not limited to the sale of material for use by the patented method, as in the *Carbice* and *Leitch* cases, but amounted to active inducement of infringement by the shoe manufacturers and to cooperation with their infringing acts. Petitioner argues that, even though under the *Carbice* and *Leitch* cases it has 'no right to



be free from competition in the sale' of the materials, it has the right under the patent law to restrain infringement in any manner other than by the competitive sale of the unpatented materials.

"We may assume, for purposes of decision, that respondents' infringement did extend beyond the mere sale of the materials to the manufacturers. But in view of petitioner's use of the patent as the means of establishing a limited monopoly in its unpatented materials, and for the reasons given in our opinion in the *Morton Salt Company* case, we hold that the maintenance of this suit to restrain any form of infringement is contrary to public policy, and that the district court rightly dismissed it." (pp. 497 and 498.)

The decisions of this Court in the *Carbice* and *Leitch* cases have been followed by the Courts of Appeals in the First Circuit in *J. C. Ferguson v. American Lecithin Co.*, 94 F. (2d) 729; in the Second Circuit in *The Philad Co. v. Lechler Laboratories*, 107 F. (2d) 747; in the Third Circuit in *Barber Asphalt Co. v. La Fera Grecco*, 116 F. (2d) 211; in the Fourth Circuit in *Sylvania v. Visking*, 132 F. (2d) 947; in the Fifth Circuit in *Noradel-Agene v. Penn*, 119 F. (2d) 764; in the Sixth Circuit in *Barber-Colman Co. v. National Tool Co.*, 58 U. S. P. Q. 2, and in the Seventh Circuit in *American Lecithin Co. v. Warfield Co.*, 105 F. (2d) 207.

The Court of Appeals in the instant case in its opinion stated:

"In support of its contention to the contrary, Mercoid relies upon *Carbice Corp. v. American Patents Corp.*, 283 U. S. 27, and *Leitch v. Barber*, 302 U. S. 458, and kindred cases. In the *Carbice* case, the Supreme Court said that it was wholly unlike the *Leeds & Catlin* case, and in the *Leitch* case, the Court said that there was nothing in the *Leeds & Catlin* case that limited the rule in the *Carbice* case. Other cases upon which Mercoid relies are *Motion Picture Patents Co. v. Uni-*

*versal Film Co.*, 243 U. S. 502; *Morton Salt Co. v. Suppiger Co.*, *supra*; *B. B. Chemical Co. v. Ellis*, 314 U. S. 495; *American Lecithin Co. v. Warfield Co.*, 105 F. 2d 207; and *Philad Co. v. Lechler Laboratories*, 107 F. 2d 747. In all these cases the objectionable conduct was directed toward the sale of something which was not the advance in the art and did not necessarily measure or mark the use covered by the patent." (R. 1230-1.)

It is submitted on behalf of the petitioner that the Circuit Court of Appeals was in error in its understanding of the decisions of this Court, and inconsistent with the interpretation and application by other Circuit Courts of Appeals of the said decisions of this Court.

The Court of Appeals for the Second Circuit in *The Philad Co. v. Lechler Laboratories*, 107 F. (2d) 747, 748 and 749, stated:

"The Philad Company, owner of a patent on a process for imparting a permanent wave to the hair, patent to Mayer, reissue 18,841, brought suits for infringement against four concerns. . . . *The defendants conceded that the appliances sold by them (clamps, curling rods, pads and heaters) were of shapes and sizes that fitted them for use in operating the patented process and were sold with knowledge that customers would use them in waving hair by that process.* The trial judge dismissed the complaints without passing on the validity of the patent. He held that the Philad Company was attempting to use the process patent to control unpatented materials and was consequently not entitled to relief.

"The Philad Company does not use the patented process, nor does it collect royalties from hair dressers for use of the process. What it does do is to issue licenses to some sixteen concerns which manufacture hair waving equipment, with authority to sublicense the process to purchasers of equipment. . . . The manufacturing concerns sell the equipment to hair

dressers, in effect sublicensing them to use the patented process with the equipment. The defendants are competitors of the licensed manufacturers in the sale of hair dressing apparatus. As already stated, their apparatus is suitable for use in carrying on the patented process and is in fact so used, to the knowledge of the defendants. The apparatus, however, is not within the patent sued on. \* \* \*

"The patent sought to be enforced is on a process of waving hair. It does not give the plaintiff a monopoly in the appliances by which the process is operated. Yet the plaintiff's course of conduct shows plainly that the sole use made of the patent is to suppress competition in the appliances. It is not entitled to relief against those who sell such appliances without its leave. \* \* \*

"In both the *Carbice* case and the *Leitch* case the emphasis was on the fact that the articles handled by the alleged contributory infringers were not covered by the patent, and on the further fact that the patentee by his method of doing business was using his patent as if it did cover such articles \* \* \* for present purposes the appliances are to be taken as unpatented."

The said holding of the Circuit Court of Appeals in the case at bar is also in direct conflict with the judgment of the Circuit Court of Appeals for the Third Circuit in *Barber Asphalt Corp. et al. v. La Fera Grecco Contracting Co.*, 116 F. (2d) 211, 215, 216, wherein the court stated:

"The principle enunciated by the Supreme Court in *Carbice Corp. v. American Patents Corp.*, *supra* is exceedingly explicit. It holds that the owner of a patent for process may not secure a partial monopoly on the unpatented material employed in it. This is precisely the effect of the agreements and licensing plans of the plaintiffs. Accordingly the court below erred in holding that the course pursued by the plaintiffs did not create an unlawful monopoly in the sale of unpatented staple materials, viz., bituminous emulsions."

Furthermore, the Circuit Court of Appeals, speaking through Judge Sparks, in the case at bar in reversing the District Court's ruling that "Minneapolis-Honeywell has been so using its patent as to tend to create a monopoly in an unpatented device," and is not in a position to maintain this suit, is in direct conflict with its own judgment in the *American Lecithin* case, 105 F. (2d) 207, 212, certiorari denied 308 U. S. 609, wherein, speaking through Judge Kerner, it held:

*"Thus, in the instant case, it is obvious that the sole protection sought by the patentee was of a limited monopoly for its unpatented lecithin. It did not try to obtain any income from the monopoly expressly granted by the patent itself, either by practicing the patented method or by granting licenses for a royalty. For this reason, a different light is shed upon the rights of the patentee, and for this reason relief is denied the patentee. \* \* \* The plaintiff's method of doing business had only one purpose, the doing by indirection what was prohibited directly, i.e., the securing of a monopoly in the sale of lecithin, a commodity not coming within the boundaries of the patent owned by the plaintiff. This action the courts will not sanction.*

*"We conclude, therefore, that the plaintiff's attempt to extend its patent monopoly beyond the boundaries described in the claims of the patent is condemned under the law. For this reason relief to the plaintiff is denied, and the decree of the district court is affirmed."*

The said holding of the Circuit Court of Appeals in the case at bar is also in direct conflict with a later judgment of the Circuit Court of Appeals for the Fourth Circuit in *Sylvania Industrial Corporation v. The Visking Corporation*, 132 F. (2d) 947, 955, wherein the Court stated:

*"The court found from these facts that the plaintiff was making use of patents owned by it, including the patents in suit, for the purpose of securing a lim-*

ted monopoly of an unpatented material, that is, plain, unprinted, regenerated cellulose sausage casings, and concluded, therefore, that the plaintiff was not entitled to relief in this suit even though, as the court held, the patents in suit were valid and infringed by the defendant. *This legal conclusion is in accordance with the doctrine that the use of the patent monopoly to restrain competition in unpatented material is contrary to the public policy expressed in the Constitution and laws of the United States to promote the progress of science and useful arts by securing to inventors the exclusive right to their inventions for limited times. In Morton Salt Co. v. Suppiger Co., 314 U. S. 488, 491, 1942, the court said:*

*“ . . . . It is a principle of general application that courts, and especially courts of equity, may appropriately withhold their aid where the plaintiff is using the right asserted contrary to the public interest.”*

It is submitted by petitioner that in view of the foregoing authorities, respondent has so used its Freeman patent as to disentitle it to relief.

#### **Respondent Has Violated Anti-Trust Laws.**

The respondent has used its Freeman patent to prevent competition in the manufacture and sale of unpatented thermostatic controls capable of use for controlling the electric circuits of the fan and fuel combustion apparatus in the system disclosed in the Freeman patent, and also through its license agreements with competitors, has fixed the minimum prices at which the said unpatented thermostatic controls must be sold. Petitioner therefore has violated the Anti-Trust laws.

Respondent in its catalogue of 1940 (R. 795), after listing some six hundred patents, notified the public regarding five “System” patents, including the Freeman patent in suit No. 1,813,732, as follows:

**"The right to use the Systems protected by the following patents is only granted to the user by Minneapolis-Honeywell Regulator Company when the particular controls as shown below are purchased from Minneapolis-Honeywell Regulator Company and used in the Systems."**

Petitioner in its licenses under the Freeman patent not only fixes the minimum selling prices on the so-called "combination furnace control," which is adapted for use in lieu of the separate thermostatic switches indicated at 23 and 24 in the Freeman patent, but also controls the prices at which licensees must sell separate controls (R. 891).

That the acts of respondents violate the Anti-Trust laws is supported by the following authorities:

This Court in 1922 in *United Shoe Machinery Corp. v. U. S.*, 258 U. S. 451, held that a contract, which provided that the lessee should purchase supplies exclusively from the lessor, violated the Anti-Trust laws.

This Court in the *Carbice* case, 283 U. S. 27, 34, in support of its statement that:

**"The present attempt is analogous to the use of a patent as an instrument for restraining commerce which was condemned, under the Sherman Anti-Trust Law, in *Standard Sanitary Mfg. Co. v. United States*, 226 U. S. 20,"**

inserted the following note:

**"In such cases, the attempt to use the patent unreasonably to restrain commerce is not only beyond the scope of the grant, but also a direct violation of the Anti-Trust Acts. Compare § 3 of the Clayton Act, October 15, 1914, c. 323, 38 Stat. 730, 731, which prohibits any lease, sale, contract, or agreement tending to create a monopoly in any line of commerce, and is applicable to all 'goods, wares, merchandise, machinery, supplies or other commodities, whether patented**



or unpatented. \* \* \* See *United Shoe Mach. Co. v. United States*, 258 U. S. 451, 460; *Lord v. Radio Corp. of America*, 24 F. (2d) 565, 566-67, affirmed, 28 F. (2d) 257, certiorari denied, 278 U. S. 648, decree entered, 35 F. (2d) 962, affirmed, 47 F. (2d) 606. Compare, as to trade secrets, *Dr. Miles Medical Co. v. Park & Sons Co.*, 220 U. S. 373, 401."

This Court in its recent decision in *Ethyl Gasoline Corp. v. U. S.*, 309 U. S. 436, 456, in holding violation of the Anti-Trust Acts said regarding a patentee:

"He may not, by virtue of his patent, condition his license so as to tie to the use of the patented device or process the use of other devices, processes or materials which lie outside of the monopoly of the patent licensed; *Motion Picture Patents Co. v. Universal Film Mfg. Co.*, *supra*; *Carbice Corporation v. American Patents Corp.*, 283 U. S. 27, 31; *Leitch Manufacturing Co. v. Barber Co.*, 302 U. S. 458; cf. *United Shoe Machinery Co. v. United States*, 258 U. S. 451, 462; *International Business Machines Corp. v. United States*, 298 U. S. 131, 140; \* \* \*

The holding of the Circuit Court of Appeals in the case at bar that the respondents have not violated the Anti-Trust laws is in direct conflict with the judgment of the Court of Appeals for the Third Circuit in *Radio Corporation of America v. Lord*, 28 F. (2d) 257, certiorari denied 278 U. S. 648, in which Lord *et al.* alleged that the R.C.A. had violated U. S. C., Title 15, Paragraphs 1, 2 and 14, by granting licenses to make and use its radio receiving sets only when vacuum tubes were purchased from R.C.A. The Court of Appeals affirmed the findings of the District Court that the effect of the license was to substantially lessen competition and tend to create a monopoly in violation of the Anti-Trust laws.

This Court in *Morton Salt Co. v. Suppiger*, 314 U. S. 488, 490, said:

"The Clayton Act authorizes those injured by violations tending to monopoly to maintain suit for treble damages and for an injunction in appropriate cases. 15 U. S. C. §§ 1, 2, 14, 15, 26."

That respondent violates the Anti-Trust laws in fixing the minimum prices at which the unpatented "combination furnace controls" must be sold by its licensees, is supported by a recent decision of this Court in *Solo Electric Co. v. Jefferson Electric Co.*, 317 U. S. 173, from which the following statement is quoted:

"The present license contract contemplates and requires that petitioner, on sales of the licensed transformers throughout the United States, shall conform to the prices fixed by respondent for the sale of competing patented articles by other licensees and by respondent. Such a restriction on the price of articles entering interstate commerce is a violation of the Sherman Act save only as it is within the protection of a lawfully granted patent monopoly. See *United States v. Univis Lens Co.*, 316 U. S. 241, 250, and cases cited; *United States v. Masonite Corp.*, 316 U. S. 265, 275-77. *Agreements fixing the competitive sales price of articles moving interstate, not within the protection of a patent, are unlawful because prohibited by the Sherman Act.*"

The District Court found that "the Freeman patent is not a patent on either the fan switch or limit switch, or both of them," but is "a patent on a system of furnace control" (R. 1069). Hence the foregoing statement of this Court is particularly pertinent as the respondent's method of doing business under the Freeman patent involves primarily the fixing of prices on the unpatented "combination furnace control," which comprises the fan and limit switches.



The conditions contained in the licenses granted by respondent fixing selling prices on the unpatented "combination furnace controls," as well as on the unpatented separate fan and limit controls; the conditioning of licenses under the Freeman patent upon the purchase from respondent of the unpatented control, and the institution of this suit against petitioner, a competitor of respondent in manufacturing and selling the unpatented thermostatic control, all conclusively evince a studied and persistently followed plan by respondent "to substantially lessen competition or tend to create monopoly in any line of commerce" (Sec. 3, Clayton Act).

### **Contributory Infringement.**

The sole acts of petitioner held to constitute a contributory infringement of the Freeman patent are the manufacture and sale of an unpatented thermostatic control for use in lieu of separate switches, indicated at 23 and 24 in the Freeman patent, in the system of furnace control disclosed in the Freeman patent.

The petitioner, and its predecessor, Federal Gauge Co., since at least 1925 have included in their business the manufacture and sale of thermostatic electric switches, including room thermostats, such as indicated at 18 in the Freeman patent, and switches, such as indicated at 23 and 24 in the Freeman patent, to serve as a limit control to prevent excessive generation of heat in a furnace, and for controlling the operation of a fan according to the temperature in the furnace.

Mr. Black, who has been associated with the petitioner since 1925, testified as follows:

"Q. What was the business of the Federal Gauge Company in 1925?

"A. They were engaged in the business of supplying the heating industry with thermostatic and pres-

sure-responsive electric switches, and to name a few I would say they sold in those days devices of the kind defined in the Freeman patent and indicated at 18, room thermostats. They also sold in those days, that is, 1925 and prior thereto, thermostatic devices of the kind defined in the Freeman patent as 23 and 24, those devices being sold for the purpose of serving, 24, a limit control, to prevent excessive temperature in the furnace and also as a fan control to delay the operation of the fan until the furnace was heated.

"Q. Does the Mercoid Corporation at the present time continue to manufacture and sell such controls?

"A. Yes sir, they do." (R. 141.)

Petitioner designed its M-80 control in order to embody in a unitary structure mechanism for thermostatically controlling two separate circuits for use as a more efficient means for controlling the fan and limit switches than structurally separate thermostatic switches for each of the circuits such as its M-51 and M-53. In selling the M-80 control, petitioner also continues to sell the structurally separate thermostatic switches, M-51 and M-53. The separate switches have been sold since 1925, their identity then being the type Figure 50, serving as a limit control, and the Figure 50 with tube reversed as the fan control, as distinguished from the types M-51 and M-53 respectively, as of today (R. 805, 813, 833, 835 and 945). The petitioner sells today for use in the Freeman system the separate controls side by side with the combination M-80 control, but the licenses under the Freeman patent require royalties only in combination controls. The Circuit Court of Appeals in the instant case held that the unpatented thermostatic control M-80 supplied by petitioner was especially adapted for use in practicing the Freeman furnace control system, and that petitioner therefore is a contributory infringer. The Circuit Court of Appeals said:

"The accused device has no other use than for accomplishing the sequence of operations of the Freeman patent." (R. 1228.)

Petitioner has sold since 1925, and is still selling (R. 141), separate controls which were, and still are, used as limit and fan switches (such as 23 and 24 of the Freeman patent) in heating systems. Respondent has asserted (R. 791 and 891) that the use of such separate switches involves the Freeman patent, and also asserts that the use of petitioner's unitary combination control M-80 is the equivalent of the separate switches 23 and 24 of the Freeman patent. As the separate limit and fan switches were, and still are, used for other purposes than in the Freeman system, the combination control M-80, which respondent asserts is the equivalent of the separate fan and limit switches disclosed in the Freeman patent, can equally well be used for other purposes than in the Freeman system.

The Court of Appeals in giving weight to its erroneous holding that petitioner's M-80 control has no other use than accomplishing the sequence of operations of the Freeman patent, and in adjudging that petitioner has contributorily infringed the Freeman patent, gave to the decisions of this Court in the *Carbice* and *Leitch* cases unwarranted limitations. In said decisions holding that defendants were not liable as contributory infringers the materials supplied by the defendants were ordinary commodities, rather than a material or part particularly adapted for use in practicing the patented invention. The controlling consideration obviously was that the material or part supplied by defendants for use in practicing the patented inventions, was *unpatented*. In the *Carbice* decision, this Court said:

"The Carbice Corporation also manufactures solid carbon dioxide. It is charged with contributory infringement because it sells its product to customers

of the Dry Ice Corporation with knowledge that the dioxide is to be used by the purchaser in transportation packages like those described in the patent." (p. 30.)

*"Control over the supply of such unpatented material is beyond the scope of the patentee's monopoly; and this limitation, inherent in the patent grant, is not dependent upon the peculiar function or character of the unpatented material or on the way in which it is used."* (p. 33.)

In the *Leitch* case, this Court quoted from its opinion in the *Carbice* case, and stated relative thereto:

*"It denied relief, not because there was a contract or notice held to be inoperative, but on the broad ground that the owner of the patent monopoly, ignoring the limitation 'inherent in the patent grant,' sought by its method of doing business to extend the monopoly to unpatented material used in practicing the invention. By the rule there declared every use of a patent as a means of obtaining a limited monopoly of unpatented material is prohibited. It applies whether the patent be for a machine, a product, or a process. It applies whatever the nature of the device by which the owner of the patent seeks to effect such unauthorized extension of the monopoly. Nothing in Leeds & Catlin Co. v. Victor Talking Machine Co., 213 U. S. 325, limits it."* (p. 463.)

That the decisions of this Court in the *Carbice* and *Leitch* cases, were not limited in principle to the sale by alleged contributors of ordinary articles of commerce, as distinguished from unpatented material generally, has been held by several Circuit Courts of Appeals. The Court of Appeals for the Second Circuit in *Philad Co. v. Leichter Laboratories, Inc.*, 107 F. (2d) 747, 748, stated regarding the said decisions of this Court:

"It is urged that the rule of the *Carbice* case covers only an effort of a patentee to control the use of staple materials, carbon dioxide in the *Carbice* case, bituminous emulsion in the *Leitch* case, and that the hair waving devices in the present case are not staples. There is no support for any such limitation on the rule. In both the *Carbice* case and the *Leitch* case the emphasis was on the fact that the articles handled by the alleged contributory infringers were not covered by the patent."

The Court of Appeals for the First Circuit in *B. B. Chemical Co. v. Ellis*, 117 F. (2d) 829, 834, reviewed the rule established by the decisions of this Court in the *Carbice* and *Leitch* cases, and said:

"The plaintiff seeks to prevent the application of this rule to this case by limiting the doctrine to those situations in which the alleged contributory infringer supplies staple articles of commerce. It insists that where the articles supplied are specially manufactured for use in this particular process, relief is not to be denied the patentee no matter what his course of business. It points to dry ice, bituminous emulsion, and lecithin as such staple articles. \* \* \* We do not consider that to have been intended as a limitation upon the doctrine of the *Leitch* and *Carbice* cases. The language of those cases is extremely comprehensive and is by no means restricted to staple articles. \* \* \* There is every indication that the *Carbice* and *Leitch* cases apply to specially designed non-patented articles. (Citing authorities.) We agree with the opinion of the Second Circuit in *Philad Co. v. Lechler Laboratories*, supra, that the emphasis is on the fact that the articles sold by the alleged contributory infringers were not covered by the plaintiff's patent although it conducted its business as though they were."

A consideration of the decision of this Court in *Leeds & Catlin Co. v. Victor*, 213 U. S. 301, 325, relied upon by

the Court of Appeals in holding contributory infringement, clearly shows that the facts there involved are very different from those presented in the case at bar, and affords no support for the decision of the Court of Appeals.

Petitioner learned nothing from the Freeman patent as to the thermostatic controls which it supplies for use by its customers in installing the Freeman hot air heating system.

The incorporation by petitioner in a unitary structure, the M-80, the structures of the separate limit and fan controls in use since 1925, and in particular the 1929 types M-51 and M-53 (R. 823, 837), created an improved control, housing in one case the limit and fan switches, and actuating them by a single bi-metallic coil.

Thermostatic controls 23 and 24 are merely diagrammatically shown in the patent. This is a fact radically different from those involved in the *Leeds & Catlin* case where the contributory infringement consisted in making and selling the disc, record specifically disclosed in the Berliner patent and having the structural characteristics therein described, for cooperating with the stylus of the talking machine to vibrate it laterally and at the same time move it radially of the record.

This Court in *Bassick Mfg. Co. v. Hollingshead Co.*, and *Rogers et al. v. Alomite Corp.*, 298 U. S. 415, 425, said regarding its decision in the *Leeds & Catlin* case:

"*Leeds & C. Co. v. Victor Talking Machine Co.*, 213 U. S. 301, 325, 53 L. Ed. 805, 815, 20 S. Ct. 495, on which the respondent relies, is not in point. There the patent was a pioneer patent and the combination was of elements which were novel and neither of which possessed utility without the other. Each element was necessary to the operation of the other. The invention did not, as here, consist of the mere improvement of one element of an old combination."



This Court in *Lincoln Engineering Co. v. Stewart-Warner Corp.*, 303 U. S. 545, 552, again commented on its decision in the *Leeds & Catlin* case as follows:

“Berliner disclosed an *entirely novel principle*; he utilized the flat disc having a smooth bottomed groove with spiral waves in its sides not only to agitate the needle connected to the diaphragm, but, in combination with a swinging arm, to propel the needle lengthwise the groove. In his combination, the disc not only performed a new function but performed it in combination with another new element,—the swinging arm which carried the needle.”

It therefore is submitted that the later decisions of this Court hereinabove referred to are controlling in the case at bar, rather than the earlier decision in the *Leeds & Catlin* case, in which the facts were strikingly different from those in the case at bar and those involved in the more recent decisions of this Court hereinabove referred to.

The Court of Appeals in the instant case in considering as a factor in determining contributory infringement that petitioner's M-80 thermostatic switching device had no other use than in the Freeman system, is at variance with the decisions of this Court in the *Carbice* and *Leitch* cases, and directly contrary to the interpretation given to the said decisions of this Court by the Courts of Appeals for the First and Second Circuits.

While many decisions favorable to defendants charged with contributory infringement of patents have been primarily based upon the improper use of their patents by the plaintiffs, yet some of them have clearly held that one who furnishes an unpatented part knowing it will be used by the purchaser in connection with other parts to infringe a patent, is not legally a contributory infringer of the patent.

The Court of Appeals for the Second Circuit in *Philad v. Lechler*, 107 F. (2d) 747, 748, stated with reference to the decisions of this Court in *Carbice v. American*, 283 U. S. 27, and *Leitch v. Barber*, 302 U. S. 458:

"Obviously these decisions present an important limitation on the doctrine of contributory infringement as formerly understood. \* \* \* On contributory infringement the distinction at present is between the case where an owner of a patent exploits it in the ordinary manner and the case where he employs it primarily as a means of suppressing competition in unpatented materials used in connection with it. The present cases are obviously of the latter type."

The Court of Appeals for the First Circuit in *J. C. Ferguson Co. v. American Lecithin Co.*, 94 F. (2d) 729, 731, reviewed the decision of this Court in the *Carbice* and *Leitch* cases, and said:

"The plaintiff does not issue license under the Working patent; it sells lecithin and it notifies users of lecithin that if they use in candymaking lecithin bought elsewhere they will be sued for infringement of the patent. The defendant deals inter alia in lecithin. It sells it to manufacturers of candy knowing they intend to use it in making chocolate candy. In order to prevent such sales the present suit for contributory infringement was brought. The purpose of the suit is to establish a monopoly by the plaintiff in the sale of lecithin for use in the products and the process described in the patent."

"Under the law as it now stands it seems clear that a patent on a process, a product, or a 'composition of matter,' may not be extended, under the doctrine of contributory infringement, to monopolize the sale of unpatented staple material, used in such product, process, or composition. Broad expressions as to contributory infringement used in earlier cases relied on by the plaintiff must now be read with the *Carbice* and *Leitch* cases in mind."

In both the *Carbice* and the *Leitch* cases the defendants were charged with contributory infringement of the patents in those suits by reason of their sale of unpatented materials for use by the purchasers in infringing the patented inventions. This Court in both of said cases reversed the judgments of the lower courts that the defendants had been guilty of contributory infringement.

There is obviously no more effective way to monopolize an unpatented part or device than to sue as contributory infringers competitors who supply such unpatented materials.

Irrespective of whether a patent owner cannot maintain a suit because of endeavors to extend its monopoly to include unpatented parts, by express or implied licenses, or by notices to the trade, or by requiring the purchase from it of the unpatented materials for use in practicing the patented invention, the competitor who supplies such unpatented parts should not be held a contributory infringer of the patent.

### **Invalidity of Freeman Patent.**

The Court of Appeals affirmed the judgment of the District Court in holding that the Freeman patent in suit displays invention and is valid. Inasmuch as there is no fact issue as to the disclosures of the prior art patents and printed publications and catalogues, the question whether Freeman made an invention is one of law and not of fact.

This Court in *Market Street Ry. Co. v. Rowley*, 155 U. S. 621, 625, stated the law as follows:

"The defendant put in evidence a number of patents prior in date to the plaintiff's, and asked the court to compare the inventions and devices therein described with those claimed by the plaintiff. No extrinsic evidence was given or needed to explain terms

of art, or to apply the descriptions to the subject matter, so that the court was able, from mere comparison, to say what was the invention described in each, and to affirm from such mere comparison whether the inventions were or were not the same. The question was, then, one of pure construction and not of evidence, and consequently was matter of law for the court, without any auxiliary fact to be passed upon by the jury.

"If, upon the state of the art as shown to exist by the prior patents, and upon a comparison of the older devices with those described in the patent in suit, it should appear that the patented claims are not novel, it becomes the duty of the court to so instruct the jury."

Petitioner is not seeking a retrial of facts, but merely a proper application of the law to the facts found by the courts below. Accepting the findings of the trial court (R. 1067-1068) that no single prior patent or publication described, and no proved installation of prior use embodied, both fan and limit circuits controlled by a single room thermostat, the question of law is presented whether the bringing together in a hot air furnace of the two separately old circuits, one for controlling the fan and, the other for controlling the rate of combustion, constituted a statutory invention or mere aggregation of old elements.

That the evidence of prior installations was held by the trial court not sufficiently strong to invalidate the Freeman patent, is not surprising, when respondent after giving petitioner notice of infringement in November, 1932, did not institute suit until July 1st, 1940, nine years after the Freeman patent was granted.

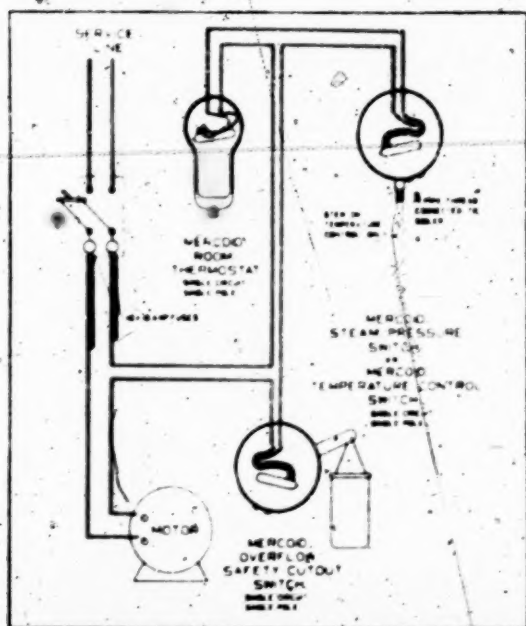
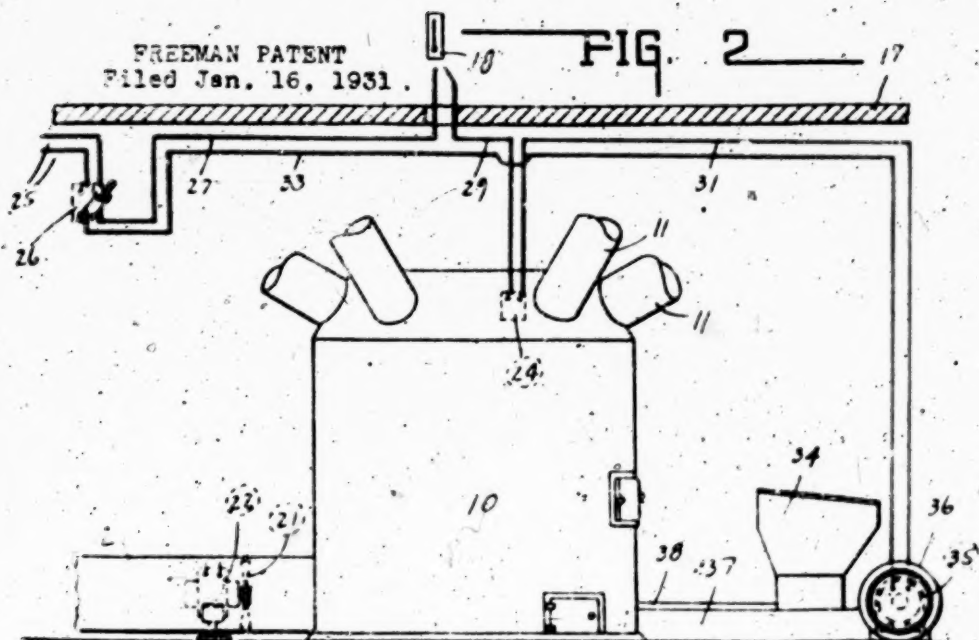
The question is whether or not, under the law, the old parts constituting the patented system, when brought together by Freeman, constituted a patentable combination of cooperating elements, or the mere aggregation of old elements in which each continued to perform the function which it had previously performed in other connections.

In the Freeman system, the circuit for controlling the operation of the fan and that for controlling the generation of heat are entirely independent of each other. The circuit for controlling the fan operates when the thermostat in the hood of the furnace reaches a predetermined degree, irrespective of whether such degree of temperature in the hood is sufficient to actuate the limit switch 24 to open or close the circuit to the damper controller 19 in Figure 1, or the stoker motor 35 in Figure 2. The printed publication art prior to the filing of the application for the Freeman patent discloses furnaces equipped with the fan circuit of Freeman, and also furnaces equipped with the combustion controlling circuit of Freeman, each of such circuits being opened or closed by the room thermostat in the space to be heated.

We here reproduce for convenient reference Figure 2 of the Freeman patent, the fan circuit having been omitted, and the stoker motor circuit colored red, and for purpose of convenient comparison we have shown on the same sheet the circuit illustrated in the Mercoid bulletin D of 1924 (R. 797) for an oil burner comprising a fuel motor and a limit switch entitled "Mercoid Temperature Control Switch," and the usual room thermostat.

The Freeman system comprises a circuit for a fuel motor 35 controlled by a room thermostat 18, and a thermostatic limit switch 24, and such a circuit is disclosed in the Mercoid Bulletin D of 1924.

FIG. 2



MERCID  
BULLETIN D  
1924

London: W. & A. G. 1844.



PREEMAN PATENT  
Filed Jan. 16, 1931

FIG. 2

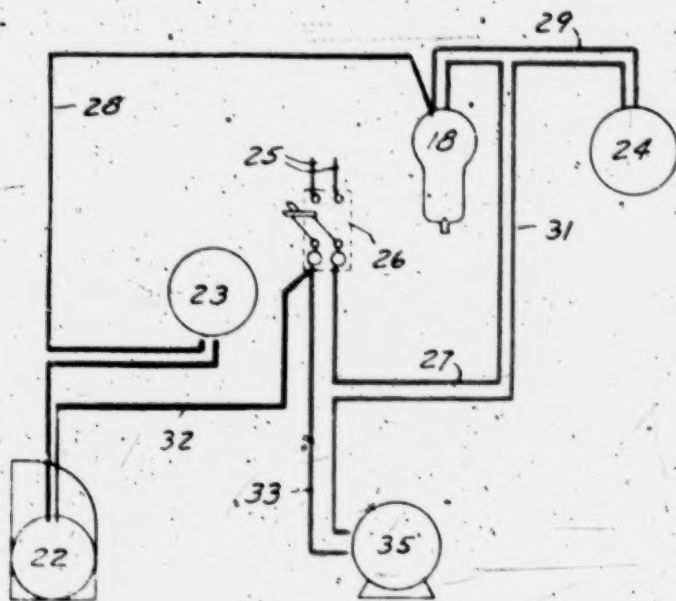
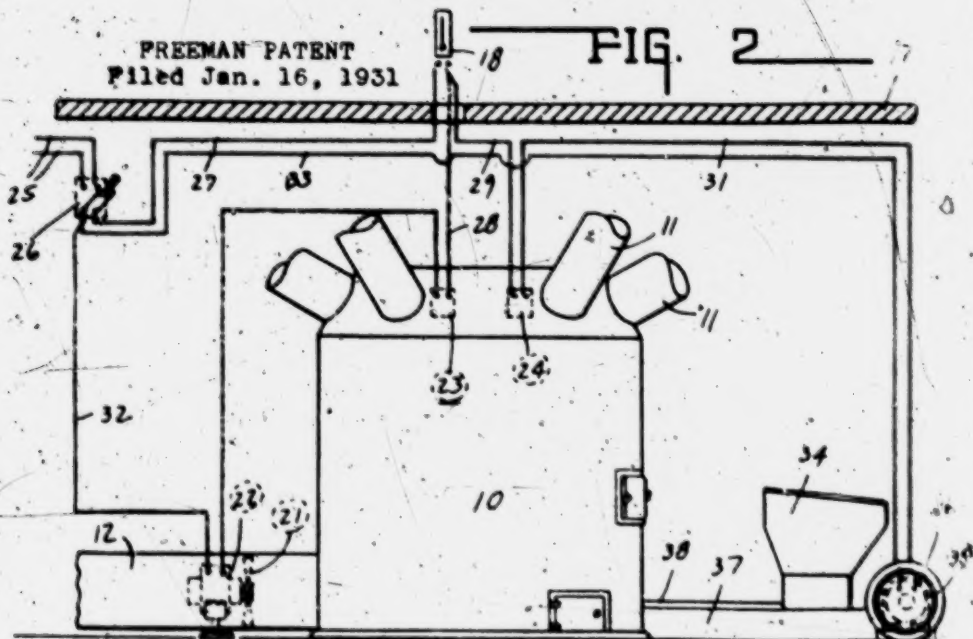
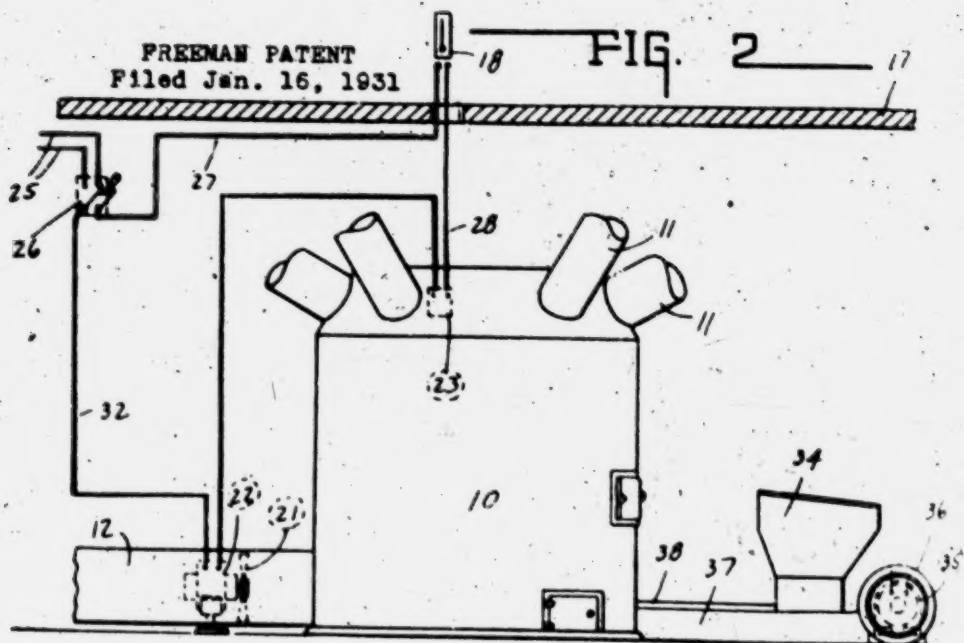


ILLUSTRATION 4 SUPERIMPOSED UPON BULLETIN D

FREEMAN PATENT  
Filed Jan. 16, 1931

FIG. 2



MERCURIO BULLETIN A-5  
June 1930

Illustration 4

Simple diagram generally  
used for coal burning  
applications.

For convenient reference, we also here present a copy of Figure 2 of the Freeman patent, showing in blue the circuit for the fan motor 22, controlled by the room thermostat 18 and thermostatic switch 23, the circuit for the stoker motor 35 having been omitted, and a drawing from Mercoid bulletin A-5 of June, 1930 (R. 841), showing a fan circuit, also colored blue, controlled by the usual room thermostat and a thermostatic switch subject to the furnace heat.

The Freeman patent, so far as it comprises a fan circuit controlled by the usual room thermostat, and also by a thermostatic switch in the bonnet of the furnace, is the same as disclosed in said Mercoid bulletin of June, 1930, which was published prior to the filing of the application for the Freeman patent.

We also present at this point a drawing showing Figure 2 of the Freeman patent, and a drawing showing the limit control circuit of Mercoid bulletin D of 1924 and the fan control circuit of Mercoid bulletin A-5 of June 1930, aggregated for use in the furnace.

All that the system of the Freeman patent comprises therefore is equipping a furnace with both the fan control circuit and the limit control circuit separately disclosed in prior publications. Obviously, in equipping a furnace with both a fan circuit and a limit circuit, a single room thermostat would be used rather than separate room thermostats for the fan circuit and limit circuit.

That the system disclosed and claimed in the Freeman patent involves no invention is supported by many pertinent decisions of this Court. This Court in *Cuno Engineering Corp. v. Automatic Devices Corp.*, 314 U. S. 84, 89, 90, in holding invalid the patent in suit for lack of invention, said:

"More must be done than to utilize the skill of the art in bringing old tools into new combinations."

The following quotations from the decision of this Court in the said case are pertinent to the case at bar:

"And so the question is whether it was invention for one skilled in the art and familiar with Morris and Copeland, and with the extensive use of the automatic thermostat control of an electric heating circuit, to apply the Copeland automatic circuit to the Morris removable heating unit in substitution for a circuit manually controlled."

"To incorporate such a thermostatic control in a so-called 'wireless' or 'cordless' lighter was not to make an 'invention' or 'discovery' within the meaning of the patent laws. As we have shown, both the thermostatically controlled heating unit and the lighter with a removable plug bearing the heating unit were disclosed by the prior art. More must be done than to utilize the skill of the art in bringing old tools into new combinations. . . ."

"We may concede that the functions performed by Mead's combination were new and useful. But that

does not necessarily make the device patentable. Under the statute (35 U. S. C. § 31; R. S. § 4886) the device must not only be 'new and useful,' it must also be an 'invention' or 'discovery'."

In *Mantle Lamp Co. v. Aluminum Products Co.*, 301 U. S. 544, 546, 547, this Court in holding the patent in suit invalid said:

"We are of opinion that all the elements of the patent were old and aggregation of them did not involve the exercise of inventive genius but of mechanical adaptation."

"In short, anyone familiar with the prior art needed only by exercise of mechanical skill to combine known methods and structures and so attain the combination exhibited in the patent. The judgment is affirmed."

In *Altoona Public Theatres Inc. v. American Tri-Ergon Corp.*, 294 U. S. 477, 486, this Court made the following statement which is pertinent to the instant case:

"The patentees brought together old elements, in a mechanism involving no new principle, to produce an old result, greater uniformity of motion. However skillfully this was done, and even though there was produced a machine of greater precision and a higher degree of motion-constancy, and hence one more useful in the art, it was still the product of skill, not of invention."

Another recent pertinent decision of this Court is that in *Textile Machine Works v. Louis Hirsch Textile Machines*, 302 U. S. 490, 497, from which the following quotations are made:

"The addition of the reversing mechanism, used by Nusbaum and previously used in the full-fashioned machine, to the elements exhibited by the Gotham, for

the purpose of effecting variations in the throw of the secondary yarn carrier in precisely the manner in which the throw of the primary yarn carrier had been controlled in full-fashioned machines, was plainly not invention. The addition of a new and useful element to an old combination may be patentable; but the addition must be the result of invention rather than the mere exercise of the skill of the calling, and not one plainly indicated by the prior art. *Electric Cable Joint Co. v. Brooklyn Edison Co.*, 292 U. S. 69, 79, 80; *Altoona Public Theatres v. American Tri-Ergon Corp.*, 294 U. S. 477, 486. "The art of machine design in the knitting machine field is a highly developed one. The addition to the combination of the Gotham attachment of a means for automatically reversing the rotary threaded spindle to perform the very function it had performed in the full-fashioned knitting machine was not beyond the skill of the art and was plainly foreshadowed, if not completely anticipated, by Nusbaum."

The following statement made by this Court in *Toledo Pressed Steel Co. v. Standard Parts, Inc.*, 307 U. S. 350, 353, 355, is pertinent:

"The claims involved are printed in the margin. Considered together, unobscured by artificiality in their statement, it fairly may be said that they show that all that the patentees did was to put over the wick of a torch, well known in the art, an inverted metal cup-like cap having holes in its sides, some to let in air for combustion and others to let out flame. The cap was also well known and had been used as a part of other devices for the protection of kerosene and other flames. \* \* \*

"The torch body was old in the art to which it belonged. The cap, as part of devices used in other fields, was old and useful to prevent extinguishment of flames by wind or rain and to permit flames to extend through holes to the open air. The problem patentees set for themselves was to prevent extinguishment while preserving usefulness of the flames as warning signals."



They solved it by merely bringing together the torch and cap. As before, the torch continued to produce a luminescent, undulating flame, and the cap continued to let in air for combustion, to protect the flame from wind and rain and to allow it to emerge as a warning signal. They performed no joint function. Each served as separately it had done. The patented device results from mere aggregation of two old devices, and not from invention or discovery."

That mere mechanical skill and not invention was required to equip a hot air furnace with fan and fuel control circuits, each controlled by a separate thermostatic switch subjected to the heat generated in the furnace, is abundantly evident from the evidence, which shows that long prior to the filing of the application for the Freeman patent, Mercoid and its customers in correspondence described the use of a fan control in connection with a limit control hooked up together in an automatic heating system. Included in such correspondence were letters written in January, 1926, by Peninsula Burner and Oil Co. to petitioner's predecessor, Federal Gauge Co., and by Federal to the said company (R. 933-935); the letter of the Miller Automatic Services to Federal and Federal's reply in October, 1926 (R. 939, 941); the letters written by Federal to Socony Burner Corp. in December, 1927 (R. 949), and to Premier Warm Air Heater Co. in April, 1927 (R. 947), and by petitioner to the XX Century Heating and Ventilating Co. (R. 953).

The Circuit Court of Appeals in the instant case in stating "The accused device has no other use than for accomplishing the sequence of operations of the Freeman patent," in effect declares that all uses of fan and limit controls in a heating system produce the Freeman patent system, for the M-80 shares identity with separate fan and limit controls still sold today and since 1925. The fan and limit switches as found in the accused device

(M-80) retain the same identity of purpose, use and function as the switches in the separate fan and limit controls of 1925 and today.

Whatever the uses which the 1925 and later fan and limit switches (such as indicated by 23 and 24 in the Freeman patent) found, whether installed with or without instructions, represent on the part of the supplier of instructions, or of the persons bringing about the installation, exercise of mere mechanical skill, in no way reaching the dignity of an invention to be claimed by any one person.

The fact that a room thermostat must be used when a fan circuit and a combustion controlling circuit are supplied in a hot air furnace, was admitted by respondent's expert witness, Van Deventer (R. 444), as follows:

"Q. In an automatic furnace control you would have to have a room thermostat, would you not?

"A. I should think so.

"Q. You would have to infer that that is part of the system when you refer to the limit control and the fan control?

"A. I think so.

"Q. The same as it could be said to be inferred in these letters of 1926 and 1927 and 1928 to the Mercoid Corporation when they did not mention specifically a room thermostat, but it was a heating system for an oil burner. You have to read in between the lines, do you not?"

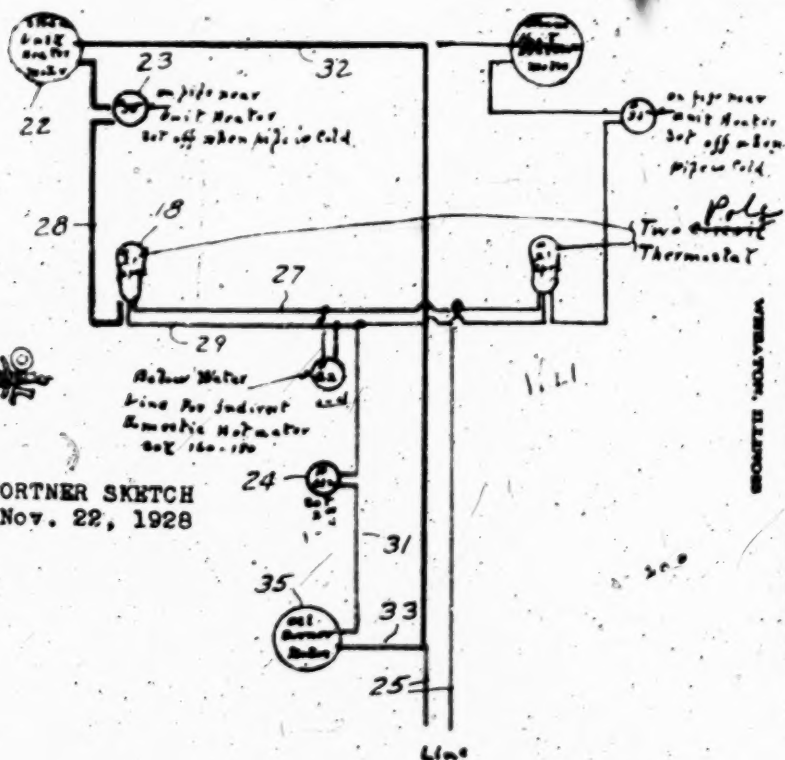
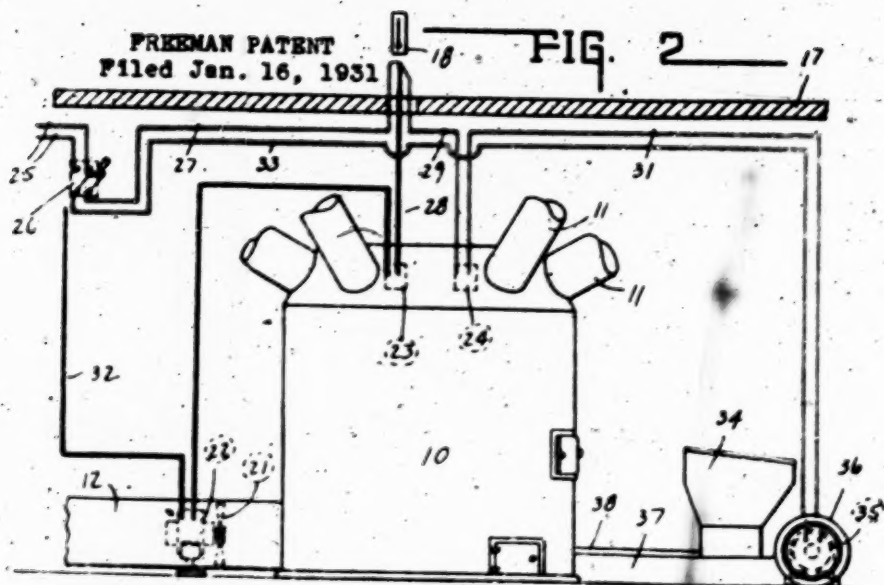
"A. I think you have got to have a thermostat."

The fact that such correspondence in all instances did not refer to a single room thermostat as being included in both the fan and limit circuits, does not negative the pertinency of such correspondence.

The correspondence shows that Mercoid, years before the application for the Freeman patent was filed, was giving

**FREEMAN PATENT**  
**Filed Jan. 16, 1931**

FIG. 2



PORTNER SKETCH  
Nov. 22, 1928

## J. A. PORTNER

instructions to prospective customers as to the use of its thermostatic controls in equipping a furnace with fan and limit circuits, similar to the instructions which it gives to purchasers of its M-80 thermostatic device, and which instructions were commented upon by the Court of Appeals in adjudging that petitioner had contributorily infringed the Freeman patent. It is a well recognized principle of patent law that that which infringes if later, invalidates if earlier (*Knapp v. Mors*, 150 U.S. 221, 228).

There moreover is evidence that it is obvious to one skilled in the art that a single room thermostat should be used for controlling both the fan and limit circuits. Mr. Portner, long experienced in the heating equipment art, submitted a sketch to petitioner in November, 1928 (R. 961), which together with Figure 2 of the Freeman patent, is presented on the page here inserted, the fan circuit being indicated in blue and the limit circuit in red to facilitate comparison.

The trial court held that the evidence was insufficient to prove that certain installations, including that of Portner were made at a date prior to the filing of the application for the Freeman patent, and of course such finding of fact must now be accepted by petitioner. However, there is no question as to the authenticity of the correspondence, which discloses that the use of fan and limit controls for a hot air furnace were within the knowledge of those skilled in the art, long prior to Freeman.

The sale of fan and limit controls by petitioner has continued since 1925. The wiring diagrams, catalogues, and correspondence disclosing various uses for such controls in the heating systems illustrate what was the common knowledge of those skilled in the art. Indeed, if any invention is disclosed in the Freeman patent it was made by Portner and Williams Oil-O-Matic, and not by Free-

man, in view of their wiring diagram disclosures of November, 1928, and May, 1927, showing the system of control represented in 1931 by the wiring diagram of the Freeman patent.

Petitioner respectfully submits that in the interests of the public this Court should determine whether the Freeman patent discloses a statutory invention or a mere aggregation of old elements.

In recognizing that a court will consider the question of validity if it regards it necessary to do so in order to protect the public interests, in *Muncie Gear Works v. Outboard Marine & Mfg. Co.*, 315 U. S. 759, 768, this Court said:

"We think the conclusion is inescapable that there was public use, or sale, of devices embodying the asserted invention, more than two years before it was first presented to the Patent Office. We are not foreclosed from a decision under § 4886 on the point by the obscurity of its presentation in the courts below. This issue has been fully presented to this Court by the petition for a writ of certiorari, and in subsequent briefs and arguments; and there is not the slightest indication that respondents have been prejudiced by such obscurity. To sustain the claims in question upon the established and admitted facts would require a plain disregard of the public interest sought to be safeguarded by the patent statutes, and so frequently present but so seldom adequately represented in patent litigation."

As far back as the October term 1880, this Court stated in *Densmore v. Scofield*, 102 U. S. 375, 378:

"But, irrespective of this testimony, and of any testimony, upon looking this reissue in the face, and examining its several claims by their own light, we find nothing that brings any of them within the sphere of

what is properly patentable. \* \* \* It does not appear (to use the language of appellants' brief) that there was 'a flash of thought' by which such a result as to either was reached, or that there was any exercise of the inventive faculty, more or less thoughtful, whereby anything entitled to the protection of a patent was produced. \* \* \*

*"Patentees as a class are public benefactors, and their rights should be protected. But the public has rights also. The rights of both should be upheld and enforced by an equally firm hand, whenever they come under judicial consideration."*

In *Haughey v. Lee*, 151 U. S. 282, 285, this Court again recognized the duty of the courts to protect the interests of the public in patent suits as follows:

*"Besides, the defence of want of patentable invention in a patent operates not merely to exonerate the defendant, but to relieve the public from an asserted monopoly, and the court cannot be prevented from so declaring by the fact that the defendant had ineffectually sought to secure the monopoly for himself."*

To the same effect is the more recent decision of this Court in *Paramount Public Corp. v. American Tri-Ergon Corp.*, 294 U. S. 464, 477, from which the following statement is quoted:

*"However inconsistent this early attempt to procure a patent may be with petitioner's present contention of its invalidity for want of invention, this Court has long recognized that such inconsistency affords no basis for an estoppel, nor precludes the court from relieving the alleged infringer and the public from the asserted monopoly when there is no invention."*



**CONCLUSION.**

It is submitted on behalf of petitioner that respondent is using the Freeman patent to monopolize an unpatented device and therefore cannot maintain ~~this suit~~; that petitioner, having merely made and sold an unpatented thermostatic device for use by purchasers, in installing the hot air heating system of the Freeman patent, cannot be held a contributory infringer; that respondent has conspired to substantially lessen competition and create a monopoly in violation of the Anti-Trust laws; that in the interests of the public this Court should determine the question of validity of the Freeman patent, and that the judgment of the Court of Appeals for the Seventh Circuit should be reversed.

Respectfully,

GEO. L. WILKINSON;

*Counsel for Petitioner,*

*The Mercoid Corporation.*

September 24th, 1943.

Chicago, Illinois